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Release Date JUL 09 2016 **LOUISIANA STATE BOARD OF BARBER EXAMINERS**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES**

**For the Year Ended December 31, 2013**

To the Board Members of the  
Louisiana State Board of Barber Examiners  
P. O. Box 14029  
Baton Rouge, Louisiana 70898

I have performed the procedures enumerated below as they are a required part of the engagement. I am required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, I have marked "not applicable."

Management of the Louisiana State Board of Barber Examiners is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Barber Examiners and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Barber Examiners compliance with certain laws and regulations during the year ended December 31, 2013.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**General**

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity.

*No exceptions noted.*

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

*No exceptions noted.*

**Cash**

1. Prepare a proof of cash for the period covered by the financial statements.

*Proof of cash was prepared for each bank account.*

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

*No exceptions noted.*

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

*Contract CPA prepares quarterly reconciliations, and there is no evidence of management review. Reconciled balance for final month of the fiscal year agrees to the general ledger.*

### **Credit Cards**

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

*Not applicable.*

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
  - Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)
- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

- B. Determine if there is evidence of management review of the two selected statements.

*Not applicable.*

### **Travel and Expense Reimbursement**

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

*Three were selected.*

- A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:
- Determine if each expenditure is:
    - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws.
    - For an appropriate and necessary business purpose relative to the travel
  - Determine if each expenditure is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased) [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) generally does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)
    - Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)
  - Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### **Contracts**

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1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

*No exceptions noted.*

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

(2) Materials and supplies

(3) Public works

- A. Obtain the selected contracts and the related paid invoices and:

- Determine if the contract is a related party transaction by obtaining management's representation.

- Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
  - If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)
  - If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.
- Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.
- Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.
- Determine if there is documentation of board approval, if required.

*No exceptions noted.*

#### ***Payroll and Personnel***

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1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
  - Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.
  - Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

*No exceptions noted.*

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
  - Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - Determine if supervisors are approving, in writing, the attendance and leave of all employees.
  - Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

*No exceptions noted.*

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

*Not applicable.*

#### **Budget**

1. Obtain a copy of the legally adopted budget and all amendments.

*Copies were obtained.*

2. Trace the budget adoption and amendments to the minute book.

*Minutes did not reflect adoption of the budget by the Board.*

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

*No exceptions noted.*

#### **Debt Service**

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

*Not applicable.*

2. Determine compliance with applicable debt covenants.

*Not applicable.*

#### **Corrective Action**

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

**2013.01      Monthly Bank Reconciliations**

**Criteria:** Management is responsible for seeing that monthly bank reconciliations are prepared and for reviewing the reconciliations.

**Condition:** The contracted accountant prepares bank reconciliations quarterly and there is no evidence of management review.

**Effect:** Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

**Recommendation:** I recommend that reconciliations be prepared on a monthly basis and that management document its review of the reconciliations by initialing and dating.

**Management's Response:** Management agrees with the recommendation and will implement immediately.

**2013.02      Board Adoption of Budget and Amendments**

**Criteria:** Louisiana Revised Statutes 39:1301-1315 require the adoption of an annual budget by the Board.

**Condition:** The minutes of the Board do not reflect adoption of the budget as prepared.

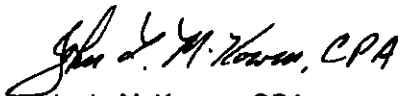
**Effect:** Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

**Recommendation:** I recommend that the Board reflect in its minutes the adoption of its annual budget.

**Management's Response:** Management agrees with the recommendation and while it does not prepare of the Board's minutes, will try to ensure that the adoption is reflected in the minutes in the future.

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana State Board of Barber Examiners and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



John L. McKowen, CPA  
Baton Rouge, Louisiana  
June 16, 2014

**LOUISIANA STATE BOARD OF BARBER EXAMINERS  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
For the Year Ended December 31, 2013**

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<u>Name</u>	<u>Amount</u>
James Adams	3,375
Alton Broussard	1,125
Craig Pollard	2,125
Scott Vice	3,500
Rebecca Villeneuve	<u>1,125</u>
Totals	<u>\$11,250</u>

**LOUISIANA STATE BOARD OF BARBER EXAMINERS**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended December 31, 2013**

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**2012.01**      *Travel/Expense Reimbursement*

**Criteria:** Management is responsible for implementing an effective internal control system to safeguard the public assets in which its governmental agency has been entrusted.

**Condition:** Travel/expense reimbursement requests from employees did not include written evidence of supervisory review and approval.

**Effect:** Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

**Management's Response:** While the travel/expense reimbursement requests are reviewed, management failed to follow up with signatures. This finding will be remedied immediately.

**Status:** Resolved

**2012.02**      *Attendance/ Leave Records*

**Criteria:** Management is responsible for implementing an effective internal control system to safeguard the public assets in which its governmental agency has been entrusted.

**Condition:** Attendance and leave records from employees did not include written evidence of supervisory review and approval.

**Effect:** Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

**Management's Response:** While these are reviewed, management failed to follow-up with signatures. This finding will be remedied immediately.

**Status:** Resolved